

Exhibit No.:
Issues: Cost of Service, Revenue Allocation,
and Rate Design
Witness: Jessica A. York
Type of Exhibit: Cross-Rebuttal/Surrebuttal Testimony
Sponsoring Party: Midwest Energy Consumers Group
Case Nos.: WR-2024-0320 / SR-2024-0321
Date Testimony Prepared: January 10, 2024

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

**In the Matter of Missouri-American Water
Company's Request for Authority to
Implement a General Rate Increase for
Water and Sewer Service Provided in
Missouri Service Areas**

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**Case Nos. WR-2024-0320 &
SR-2024-0321**

Cross-Rebuttal/Surrebuttal Testimony of

Jessica A. York

**on Cost of Service, Revenue
Allocation and Rate Design**

On behalf of

Midwest Energy Consumers Group

January 10, 2024



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STATE OF MISSOURI

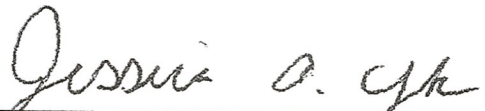
COUNTY OF ST. LOUIS

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Affidavit of Jessica A. York

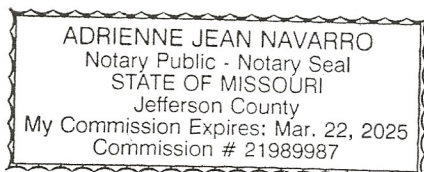
Jessica A. York, being first duly sworn, on her oath states:

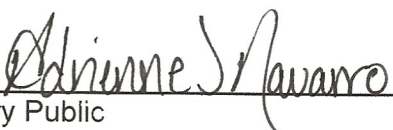
1. My name is Jessica A. York. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Midwest Energy Consumers Group in this proceeding on their behalf.
2. Attached hereto and made a part hereof for all purposes are my Cross-Rebuttal/Surrebuttal Testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case Nos. WR-2024-0320 and SR-2024-0321.
3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.



Jessica A. York

Subscribed and sworn to before me this 10th day of January, 2024.





Notary Public

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Cross-Rebuttal/Surrebuttal Testimony of Jessica A. York

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Jessica A. York. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q ARE YOU THE SAME JESSICA A. YORK WHO HAS PREVIOUSLY FILED**
5 **TESTIMONY IN THIS PROCEEDING?**

6 A Yes. I have previously filed Direct/Rebuttal Testimony on December 20, 2024 in this
7 proceeding.

8 **Q ARE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE OUTLINED IN**
9 **YOUR PRIOR TESTIMONY?**

10 A Yes. This information is included in my Direct/Rebuttal Testimony filed on
11 December 20, 2024.

12 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

13 A This testimony is presented on behalf of the Midwest Energy Consumers
14 Group ("MECG").

**Jessica A. York
Page 1**

1 **I. INTRODUCTION AND SUMMARY**

2 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

3 A The purpose of my testimony is to respond to the Class Cost of Service
4 Study ("CCOSS") recommendations made by the Missouri Public Service
5 Commission's ("MOPSC" or "Commission") Staff ("Staff") witness Melanie Marek.
6 Specifically, I will address Ms. Marek's recommendation to rely on Staff's water CCOSS
7 models from the last rate case to allocate costs in this case. I will also comment on the
8 Consumer Council of Missouri's ("CCM") witness Caroline Palmer's cost of service
9 study recommendations.

10 My silence regarding any position taken by any other party in their
11 Direct/Rebuttal Testimony or other filings in this proceeding does not indicate my tacit
12 endorsement of that position.

13 **II. RESPONSE TO STAFF WITNESS MS. MAREK**

14 **Q DID STAFF PREPARE WATER CCOSS MODELS IN THIS CASE?**

15 A No. Staff did not prepare water CCOSS models for MAWC's water and sewer
16 operations in this case.¹

17 **Q WHY DID STAFF DECIDE NOT TO PREPARE WATER CCOSS MODELS IN THIS**
18 **CASE?**

19 A Ms. Marek asserts that this determination was made because, "it appears with MAWC's
20 submitted CCOSS and the Staff prepared CCOSS from the last rate case, there was

¹Direct/Rebuttal Testimony of Melanie Marek at page 3, lines 8-9.

1 not much difference in the cost allocations.”² For reference, the last rate case occurred
2 in 2022 and was Case No. WR-2022-0303 (i.e., 2022 rate case).

3 **Q IS IT REASONABLE FOR STAFF OR THE COMMISSION TO RELY ON STAFF’S**
4 **WATER CCOSS MODELS FROM THE LAST RATE CASE TO INFORM COST**
5 **ALLOCATIONS AND RATE DESIGN IN THIS CASE?**

6 A Absolutely not. Staff’s water CCOSS models for both districts in the last case contained
7 at least one significant error in addition to several unsupported data points that were
8 used in the development of allocation factors. As a result, Staff’s CCOSS models did
9 not produce an accurate measure of the cost of providing service to each customer
10 class. Therefore, it is unreasonable to conclude that if Staff had updated its water
11 CCOSS models in this case that they would be consistent with the Company’s. Further,
12 as I testified in my Direct/Rebuttal Testimony in this case, I have identified several
13 issues with the Company’s water CCOSS models that need to be corrected in order to
14 produce a more accurate assessment of the cost of providing service to each rate class.

15 **Q DID YOU PROVIDE TESTIMONY ON STAFF’S WATER CCOSS MODELS IN THE**
16 **2022 RATE CASE?**

17 A Yes. I filed Rebuttal and Surrebuttal Testimony in that rate case addressing Staff’s
18 water CCOSS models.

²*Id.* at lines 9-10.

1 **Q WHAT ISSUES DID YOU IDENTIFY IN STAFF’S WATER CCOSS MODELS IN THE**
2 **2022 RATE CASE?**

3 A I addressed the fact that Staff did not actually apply the distribution multipliers it
4 supported in its Direct Testimony to its CCOSS models for the Rate J and Sale for
5 Resale classes.³ I showed that Staff’s CCOSS models included maximum day and
6 maximum hour demand ratios by customer class from a prior rate case, with no
7 evidence or discussion to prove that these factors were still representative of the load
8 characteristics of each customer class.⁴ Lastly, I pointed out that there were other
9 unsupported data points used in Staff’s CCOSS, including the source of average day
10 rate of flow used to develop Factor 3, and the horsepower of pumps used to develop
11 Factors 6 and 7.⁵

12 **Q DID STAFF CORRECT THE ISSUES YOU HAD IDENTIFIED WITH ITS WATER**
13 **CCOSS MODELS IN THE 2022 RATE CASE?**

14 A Staff presented updated CCOSS models with its Rebuttal Testimony in that case. My
15 Surrebuttal Testimony on Staff’s updates to its models in the 2022 rate case was as
16 follows:

17 I found that Staff had applied its recommended distribution multipliers to
18 the Industrial and Sale for Resale classes. Staff had updated the
19 customer class maximum day and maximum hour demand ratios used
20 in its CCOSS models. In addition, it had modified several other data
21 points used to develop allocation factors in its CCOSS. Examples of
22 some of the changes made by Staff included the following:

- 23 • Annual usage by customer class used to develop Factor 1.
- 24 • Maximum day demand ratios, including a significant reduction in the
- 25 ratio for the Residential class.

³Case No. WR-2022-0303. Surrebuttal Testimony of Jessica A. York at page 2, lines 8-17.

⁴*Id.*

⁵*Id.*

- 1 • Maximum hour demand ratios by class.
- 2 • Weightings of the base, maximum day extra capacity, and fire
- 3 protection components used to develop Factor 3.
- 4 • Weightings of the base, maximum hour extra capacity, and fire
- 5 protection components used to develop Factor 4.
- 6 • Weightings of the base, maximum hour extra capacity, and fire
- 7 protection components used to develop Factor 5.⁶

8 **Q DID STAFF OFFER ANY TESTIMONY IN THE 2022 RATE CASE DISCUSSING THE**
9 **CHANGES THAT WERE REFLECTED IN THE UPDATED WATER CCROSS MODELS**
10 **THAT WERE FILED WITH ITS REBUTTAL TESTIMONY?**

11 A Staff provided limited explanation of the modifications it made to its water CCROSS
12 models that were provided with Staff witness Roth's Rebuttal Testimony in that case. I
13 provided the following discussion of this issue in my Surrebuttal Testimony in that case.
14 Specifically, I testified that:

15 Staff's rebuttal testimony only discussed one of the many changes it
16 made to its COSS models, and that is the distribution multiplier issue.
17 While Staff's rebuttal testimony notes that it has corrected the
18 distribution multiplier issue, it is completely silent with respect to all other
19 changes it made to its COSS models. Therefore, Staff has not provided
20 any support whatsoever for any of the changes it made to its COSS
21 models between its direct testimony filing and its rebuttal testimony
22 filing. As a result, Staff's COSS models should be rejected.⁷

⁶*Id.* at page 3, lines 1-17.

⁷*Id.* at page 3, lines 21-24 through page 4, lines 1-3.

1 **Q GIVEN THE CIRCUMSTANCES SURROUNDING STAFF'S WATER CCROSS**
2 **MODELS DURING THE LAST RATE CASE, SHOULD THE COMMISSION**
3 **CONCLUDE IT IS REASONABLE TO RELY ON THOSE MODELS IN THIS CASE?**

4 **A**No. As explained above, Staff's water CCROSS models in the last case contained at
5 least one major error and relied on unsupported data to derive customer class
6 allocation factors. In addition, while Staff did make modifications to its water CCROSS
7 models to try to resolve some of these issues, there was no explanation of the changes
8 (other than the correction to the distribution multiplier) included in Staff's Rebuttal or
9 Surrebuttal Testimonies in that case.⁸ Nor have those modifications been addressed
10 by Staff in this case.

11 Further, given that Staff claims the results of its models would be similar to the
12 Company's, Staff's water CCROSS models presumably would require corrections
13 consistent with those that I recommended for the Company's water CCROSS in my
14 Direct/Rebuttal Testimony.

15 **Q PLEASE DESCRIBE STAFF'S PROPOSED RATE DESIGN.**

16 **A**Staff opposes further consolidation of rates between districts and customer classes.⁹
17 In addition, Staff proposes to apply an equal percent increase across all rates in each
18 district based on its proposed revenue requirement increase.¹⁰

⁸Case No. WR-2022-0303. See Rebuttal and Surrebuttal Testimonies of Staff witness Keri Roth.

⁹Direct/Rebuttal Testimony of Ms. Marek at page 6, lines 13-18.

¹⁰*Id.* at lines 21-22.

1 **Q DO YOU AGREE WITH STAFF’S PROPOSED RATE DESIGN?**

2 A No. Staff’s proposed rate design reflects an across-the-board increase in each district,
3 which does not move classes toward cost of service. I continue to support a greater
4 movement toward cost of service based on my recommended corrections to the
5 Company’s CCOSS models, as described in my Direct/Rebuttal Testimony.

6 **III. RESPONSE TO CCM WITNESS MS. PALMER**

7 **Q HAVE YOU REVIEWED MS. PALMER’S DIRECT/REBUTTAL TESTIMONY**
8 **REGARDING COST ALLOCATION?**

9 A Yes.

10 **Q DO YOU HAVE ANY COMMENTS ON THAT TESTIMONY?**

11 A Yes. Ms. Palmer’s recommendation to derive the Rate J distribution multiplier based
12 strictly on water usage should be rejected for the Other Missouri district as well as for
13 St. Louis County. As shown in the Company’s 2008 rate case, despite having
14 significant water consumption, Rate J customers in St. Louis County were found to use
15 a minimal amount of distribution main infrastructure.¹¹ Therefore, a distribution
16 multiplier based solely on water usage significantly overstates the cost of distribution
17 mains providing service to these customers. I would expect a similar result for Rate J
18 customers outside of St. Louis County.

¹¹Direct/Rebuttal Testimony of Jessica A. York on behalf of MCEG at page 13, lines 18-22 through page 16, lines 1-5.

1 **Q DOES THIS CONCLUDE YOUR CROSS-REBUTTAL/SURREBUTTAL**
2 **TESTIMONY?**

3 **A Yes, it does.**

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